

In the Matter of)	No. G 03-04
)	
Grange Insurance Association)	
Domestic Fraternal Insurer)	
)	FINDINGS, CONCLUSIONS, AND
and)	
)	ORDER ADOPTING REPORT
Rocky Mountain Fire and Casualty)	
Company)	OF
Domestic Stock Insurer)	
)	
)	MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of **Grange Insurance Association and Rocky Mountain Fire and Casualty Company** (the Companies) as of March 31, 2002, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). Grange Insurance Association holds a Washington certificate of authority as a fraternal insurer, and Rocky Mountain Fire and Casualty Company holds a Washington Certificate of Authority as a Stock Insurer. Both are domiciled in Washington. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Companies for comments on November 8, 2002. The Companies response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and

34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 34 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Grange Insurance Association and Rocky Mountain Fire and Casualty Company**, and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on page 24.

1. The companies are ordered to establish procedures that ensure compliance with RCW 48.05.190(1) and that all policy quotes, policy documents and all correspondence correctly identify the legal name of the insuring company. (Instruction 1, Page 24)
2. The companies are ordered to identify the companies' home office or principal office location on advertising to ensure compliance with RCW 48.30.050. (Instruction 2, Page 24)
3. The companies are ordered to establish procedures to ensure that every commercial policy eligible for schedule rating is included, and that documentation supports compliance with WAC 284-24-100. (Instruction 3, Page 24)
4. The companies are ordered to establish procedures to ensure that documentation is retained for "a" rates in compliance with WAC 284-24-070. (Instruction 4, Page 24)
5. The companies are ordered to establish procedures to ensure compliance with WAC 284-30-560(2)(a) to verify that binders show the correct insurer. (Instruction 5, Page 24)

6. The companies are ordered to file all forms not covered under RCW 48.18.100 as required under RCW 48.18.103 within 30 days of use. (Instruction 6, Page 24).
7. The companies are ordered to establish procedures to comply with RCW 48.19.040(6) regarding filings, rating plans and application of approved rates. (Instruction 7, Page 24)
8. The companies are ordered to send notification of renewals, cancellation or non-renewals within the time frame requirements stated in RCW 48.18.290, RCW 48.18.2901, RCW 48.18.291, or RCW 48.18.292. (Instruction 8, Page 24)
9. The companies are instructed to comply with WAC 284-30-570 when sending notices, canceling, denying, or non-renewing policies. (Instruction 9, Page 24)
10. The companies are ordered to comply with WAC 284-30-390 when establishing the market values of total loss vehicles. (Instruction 10, Page 24)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Companies have addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 30th day of January, 2003.

MIKE KREIDLER
Insurance Commissioner